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HOUSE BILL 1359

By Lewis

AN ACT to amend Tennessee Code Annotated,
Title 56, Chapter 6, Part 1, relative to the
licensing qualifications of non-resident
insurance agents, and Tenn. Code Ann.
§56-8-106, relative to unfair and deceptive
acts or practices.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tenn. Code Ann. § 56-6-139(a)(2) is amended by deleting the text thereof in its entirety and substituting the following language:

(2) Nonresident. (A) A nonresident person may qualify for a license under this part if:

- (i) The person is currently licensed as a resident and in good standing in his or her home state;

- (ii) The person has submitted the proper request for licensure and has paid the fees required by Section 56-6-135(a);
 - (iii) The person has submitted or transmitted to the commissioner the application for licensure that the person submitted to his or her home state, or in lieu of the same, a completed Uniform Application; and
 - (iv) The person's home state awards non-resident agent licenses to residents of this state on the same basis.
- (B) The commissioner may verify the agent's licensing status through the Producer Database maintained by the National Association of Insurance Commissioners, its affiliates or subsidiaries.
- (C) A nonresident agent who moves from one state to another state or a resident agent who moves from this state to another state shall file a change of address and provide certification from the new resident state within thirty (30) days of the change of legal residence. No fee or license application is required.
- (D) Notwithstanding any other provision of this part, a person licensed as a surplus lines agent in his or her home state shall receive a nonresident surplus lines agent license pursuant to Subsection A of this section. Except as to Subsection A, nothing in this section otherwise amends or supercedes any provision of the Surplus Lines Insurance Act, Sections 56-14-101 – 56-14-117.
- (E) Notwithstanding any other provision of this part, a person licensed as a limited insurance representative in his or her home state shall receive a nonresident limited lines insurance representative license, pursuant to Subsection A of this section, granting the same scope of authority as granted under the license issued by the licensee's home state. For the purposes of this section, limited line insurance is any authority granted by the home state which restricts the authority of the license to less than the total authority prescribed in the associated major lines.

SECTION 2. Tenn. Code Ann. § 56-6-137(a)(2) is amended by adding the phrase "for a resident agent license as provided in Section 56-6-139(a)(1)" after "Any applicant".

SECTION 3. Tenn. Code Ann. § 56-6-137(a) is amended by adding the following subsection:

- (5) Any applicant for a nonresident license as provided in Section 56-6-139(a)(2).

SECTION 4. Tenn. Code Ann. § 56-6-160(d) is amended by deleting the text thereof in its entirety and substituting the following language:

A nonresident agent who meets the continuing education requirements of the state in which the agent maintains a resident license will be deemed to have met any continuing education requirements of this state.

SECTION 5. Tenn. Code Ann. § 56-8-106(a) is amended by adding the phrase “, including but not limited to depository institutions and their affiliates,” between the words “credit” and “may.”

SECTION 6. Tenn. Code Ann. § 56-8-106(a) is amended by adding the following subsections:

- (9) Use any advertisement or other promotional material that would cause a reasonable person to believe mistakenly that the Federal Government or a State is responsible for the insurance sales activities of, or stands behind the credit of the lender of money or extender of credit, or that a State, or the Federal Government guarantees any returns on insurance products, or is a source of payment on any insurance obligation of or sold by the lender of money or extender of credit.
- (10) Complete both a credit and insurance transaction with the same document;
and
- (11) Include in the primary credit transaction the expense of the insurance premiums without the express written consent of the customer.

SECTION 7. Tenn. Code Ann. § 56-8-106 is amended by adding the following subsections after subsection (b) and redesignating the existing subsections accordingly:

- (c) Every person who lends money or extends credit and who solicits insurance must disclose in writing to the customer or prospective customer when that person’s application for a loan or other extension of credit is pending that the customer’s choice of insurance provider will not affect the credit decision or credit terms in any way, except that the person who lends money or extends credit may impose reasonable requirements concerning the creditworthiness of the insurer and scope of coverage chosen.
- (d) Every person who lends money or extends credit and who solicits insurance must disclose in writing clearly and conspicuously, where practicable, to the customer prior to the sale of any insurance policy that such policy
 - (1) is not a deposit;

- (2) is not insured by the Federal Deposit Insurance Corporation;
- (3) is not guaranteed by any depository institution or, if appropriate, an affiliate of any such institution or any person soliciting the purchase of or selling insurance on the premises thereof; and
- (4) where appropriate, involves investment risk, including potential loss of principal.

SECTION 8. This bill shall take effect upon becoming law, the public welfare requiring it.